

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH MANCHESTER)	
WATER ASSOCIATION FOR RATE ADJUSTMENT)	CASE NO.
PURSUANT TO THE ALTERNATIVE RATE FILING)	89-084
PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On March 31, 1989, North Manchester Water Association ("North Manchester") filed its application for Commission approval of a proposed increase in its rates for water service. The proposed rates for water service would generate additional annual revenues of \$36,451, an increase of 25.7 percent over test-year revenues from water sales.

In June 1989, Commission Staff conducted a field review of North Manchester's test-period financial records. Based upon this review, Commission Staff issued its report on July 27, 1989, recommending an increase in annual revenues of \$39,320.

By letter dated July 31, 1989, North Manchester was advised to file comments on the Staff Report or request a hearing no later than August 15, 1989 or the case would stand submitted to the Commission for decision. Neither comments on the Staff Report nor requests for a hearing have been received.

The Commission, after considering the evidence of record and being sufficiently advised, finds:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for North Manchester and will produce gross annual revenues of \$188,560. These rates will allow North Manchester sufficient revenues to meet its operating expenses, service its debt, and provide for future equity growth.

3. The rates proposed by North Manchester would produce revenue below that found reasonable herein.

4. North Manchester proposes to increase its customer deposit requirement from \$20 to \$35. A utility may require from any customer or applicant for service a minimum cash deposit to secure payment of bills of an amount not to exceed two-twelfths of the estimated annual bill of such customer. 807 KAR 5:006, Section 7(1). Based upon the rates contained in Appendix A, the average North Manchester customer has a monthly bill of \$24.20. The proposed increase in the customer deposit is not, therefore, in conflict with Commission regulations.

IT IS THEREFORE ORDERED that:

1. The rates proposed by North Manchester in its application are hereby denied.


2. The rates contained in Appendix A are approved for service rendered by North Manchester on and after the date of this Order.

3. The proposed increase in the customer deposit to \$35 is approved.

4. Within 30 days of the date of this Order, North Manchester shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 23rd day of August, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-084 DATED 8/23/89

The following rates and charges are prescribed for the customers in the area served by North Manchester Water Association. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First 2,000 gallons	\$9.10 Minimum Bill
Next 3,000 gallons	2.85 per 1,000 gallons
Next 5,000 gallons	2.60 per 1,000 gallons
Next 15,000 gallons	2.30 per 1,000 gallons
Over 25,000 gallons	1.85 per 1,000 gallons

Meter Installation Charges

5/8 x 3/4 inch meters	\$480
1 inch meters	670

<u>Customer Deposit</u>	\$ 35
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